Supreme Court, U.S.
FILED
MAY 25 1994
OFFICE OF THE CLERK

(2)

No. 93-1461

In the Supreme Court of the United States

OCTOBER TERM, 1993

MAG INSTRUMENT, INC., PETITIONER

v.

COMMISSIONER OF PATENTS AND TRADEMARKS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE RESPONDENT IN OPPOSITION

DREW S. DAYS, III
Solicitor General

FRANK W. HUNGER
Assistant Attorney General

ANTHONY J. STEINMEYER
EDWARD T. SWAINE
Attorneys

Department of Justice
Washington, D.C. 20530
(202) 514-2217

15 pp

QUESTION PRESENTED

Under 35 U.S.C. 102(b), a patent shall not be granted for an invention that "was * * * in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." The question presented in this case is whether there is an implied exception to this statutory bar where sales of the invention allegedly arose from its misappropriation by the applicant's former employee.

TABLE OF CONTENTS

	Page
Opinions below	1
Jurisdiction	1
Statement	2
Argument	4
Conclusion	11

TABLE OF AUTHORITIES

Cases:

Andrews v. *Hovey*, 123 U.S. 267 (1887), reh'g denied, 124 U.S. 694 (1888)	5-6, 7, 8, 9, 10
Electric Storage Battery Co. v. *Shimadzu*, 307 U.S. 5 (1939)	6
General Electric Co. v. *United States*, 654 F.2d 55 (Ct. Cl. 1981)	6
J.A. LaPorte, Inc. v. *Norfolk Dredging Co.*, 787 F.2d 1577 (Fed. Cir.), cert. denied, 479 U.S. 884 (1986)	10
Kendall v. *Winsor*, 62 U.S. (21 How.) 322 (1859)	7, 8, 9
Lorenz v. *Colgate-Palmolive Peet Co.*, 167 F.2d 423 (3d Cir. 1948)	4, 6, 10
Pennock v. *Dialogue*, 27 U.S. (2 Pet.) 1 (1829)	5, 7
Shaw v. *Cooper*, 32 U.S. (7 Pet.) 292 (1833)	5, 7
Sullivan v. *Stroop*, 496 U.S. 478 (1990)	11
TP Laboratories, Inc. v. *Professional Positioners, Inc.*, 724 F.2d 965 (Fed. Cir.), cert. denied, 469 U.S. 826 (1984)	10
United States v. *Lovasco*, 431 U.S. 783 (1977)	10

Statutes:

Act of Feb. 21, 1793, ch. 11, § 1, 1 Stat. 319	4-5
Act of July 4, 1836, ch. 357, § 7, 5 Stat. 119	5
Act of Mar. 3, 1839, ch. 88, § 7, 5 Stat. 354	5, 8, 9, 10
Act of July 8, 1870, ch. 230, § 24, 16 Stat. 201	5
35 U.S.C. 102	3
35 U.S.C. 102(a)	3

Statute—Continued: Page

35 U.S.C. 102(b) 2, 3, 4, 6, 7, 10

In the Supreme Court of the United States

OCTOBER TERM, 1993

No. 93-1461

MAG INSTRUMENT, INC., PETITIONER

v.

COMMISSIONER OF PATENTS AND TRADEMARKS

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR THE RESPONDENT IN OPPOSITION

OPINIONS BELOW

The judgment order of the court of appeals (Pet. App. F1) is unpublished, but the judgment is noted at 17 F.3d 1442 (Table). The opinion of the Board of Patent Appeals and Interferences (Pet. App. A1-A11) is unpublished.

JURISDICTION

The decision of the court of appeals was entered on December 13, 1993. The petition for a writ of certiorari was filed on March 14, 1994. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATEMENT

1. Anthony Maglica invented a grippable flashlight with a recessed rubber sleeve and assigned the patent application to petitioner. Petitioner's director of marketing, Donald A. Keller, surreptitiously marketed a flashlight incorporating the claimed invention before he left petitioner's employ in April 1986. By May 1986, Keller and his newly formed company, Lite-Tek International Corporation, provided samples of the flashlight to another company, Kershaw Knives. As early as May 8, 1986, Kershaw Knives placed an order for 50,000 flashlights that included the recessed rubber sleeve. In October 1986, Lite-Tek shipped 10,000 flashlights to Kershaw Knives, which supplied them to a third company, Snap-On Corporation. Pet. App. A3-A4.

In March 1987, one of petitioner's representatives obtained samples of these flashlights from Snap-On and sent them to petitioner. Pet. App. G29-G30. Later that year, petitioner's attorneys became aware that a flashlight incorporating Maglica's invention may have already been marketed. *Id.* at G24, G29.

Petitioner filed a patent application for the grippable flashlight on January 29, 1988. Pet. App. A3. On December 28, 1989, the patent examiner issued a notice of allowability. *Id.* at B1. Prior to the patent's issuance, however, petitioner withdrew the application and on April 2, 1990, filed a second application. *Id.* at A1. Petitioner submitted a supplemental disclosure statement relating information concerning Keller's activities. The patent examiner denied petitioner's application, finding that 35 U.S.C. 102(b) precluded petitioner from obtaining a patent because "the invention was * * * in public use or on sale in this country, more than one year prior to

the date of the application for patent in the United States." Pet. App. A2.[1]

2 The Board of Patent Appeals and Interferences affirmed. Pet. App. A1-A11. The Board concluded that the invention had been "on sale" at least one year prior to petitioner's initial patent application on January 29, 1988.[2] The Board noted that petitioner did not contest that the flashlights were shipped by Lite-Tek to Kershaw Knives and then to Snap-On Tools prior to January 29, 1987. The Board determined that under 35 U.S.C. 102(b), the prior sales barred the patentability of petitioner's flashlight. Pet. App. A3-A5.

The Board rejected petitioner's argument that it should adopt an exception to the general rule where the prior sales were made by a third party. Pet. App. A5. After canvassing the relevant precedents, the Board concluded that no exception for fraudulent or piratical sales or uses had previously been recognized. *Id.* at A5-A9. The Board reasoned that the language of the patent statute "contains no qualification or exception," and that

---

[1] Section 102 of Title 35 provides, in relevant part, that:

> A person shall be entitled to a patent unless—
>
> (a) the invention was known or used by others in this country, or patented or described in a printed publication in this or a foreign country, before the invention thereof by the applicant for patent, or
>
> (b) the invention was patented or described in a printed publication in this or a foreign country or in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States.

35 U.S.C. 102.

[2] The examiner's conclusion that the patent should also be denied under 35 U.S.C. 102(a) was withdrawn on appeal. Pet. App. A3.

the implied exception sought by petitioner would provide a "fruitful field for collusion." *Id.* at A8, A9 (quoting *Lorenz* v. *Colgate-Palmolive Peet Co.*, 167 F.2d 423, 429-430 (3d Cir. 1948)).

3. The court of appeals affirmed without opinion. Pet. App. F1-F2.

ARGUMENT

The decision of the court of appeals is correct, and does not conflict with the decisions of this Court or any other court of appeals. Further review therefore is not warranted.

1. a. The plain language of 35 U.S.C. 102(b) provides that an invention is not eligible for patent protection if it was "in public use or on sale in this country, more than one year prior to the date of the application for patent in the United States." Thus, to fall within the statutory bar, an invention need only meet two conditions: (1) it must have been "on sale"; and (2) the period of sale must have begun "more than one year" before the filing of the application. The Board of Patent Appeals and Interferences was therefore correct in concluding that the pertinent statutory language "contains no qualification or exception," and that "[t]here is not a single word in the statute which would tend to put an inventor, whose disclosures have been pirated, in any different position from one who has permitted the use of his processes." Pet. App. A8-A9 (quoting *Lorenz*, 167 F.2d at 429).

The history of the "on sale" bar of Section 102(b) confirms the Board's determination that the statute applies even where an inventor has not consented to the sale of his invention. Initially, the patent statute did not contain an "on sale" bar. Congress at first provided merely that an item could be patented if it was not "known or used before the [patent] application," Act of

Feb. 21, 1793, ch. 11, § 1, 1 Stat. 319, and this Court construed that provision to mean that an invention was unpatentable if there was prior "public use." *Shaw* v. *Cooper*, 32 U.S. (7 Pet.) 292, 319 (1833); *Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) 1, 19-20 (1829). In 1836, however, Congress amended the patent statute to provide that the Commissioner of Patents may issue a patent only if an item was not "in public use *or on sale* with the applicant's consent or allowance prior to the application." Act of July 4, 1836, ch. 357, § 7, 5 Stat. 119 (emphasis added).

Of specific pertinence here, Congress modified the "public use" and "on sale" bars in 1839 by enacting a provision stating that no patent was invalid because of prior "purchase, sale, or use" of an item, "except on proof * * * that such purchase, sale, or prior use has been for more than two years prior to such application for a patent." Act of Mar. 3, 1839, ch. 88, § 7, 5 Stat. 354. This Court explained that "[t]he evident purpose of [that] section [of the 1839 Act] was to fix a period of limitation which should be certain, and require only a calculation of time, and should not depend upon the uncertain question of whether the applicant had consented to or allowed the sale or use." *Andrews* v. *Hovey*, 123 U.S. 267, 274 (1887), reh'g denied, 124 U.S. 694 (1888). That apparent purpose was made explicit in 1870, when Congress amended the "public use" and "on sale" provisions to delete the requirement of an inventor's "consent or allowance" and to require only that an item "not [have been] in public use or on sale for more than two years prior to [the patent] application." Act of July 8, 1870, ch. 230, § 24, 16 Stat. 201. The 1870 legislation made clear that if an invention is "on sale" before the critical period (now one year), the bar to patentability applies irrespective of the inventor's "knowledge, consent or allowance." *Andrews*

v. *Hovey*, 123 U.S. at 275; see also *Electric Storage Battery Co.* v. *Shimadzu*, 307 U.S. 5, 19-20 (1939).

b. Applying Section 102(b) in accordance with its plain terms, to cover unauthorized sales by persons other than the inventor, serves important policies underlying the "on sale" bar. In general, the "on sale" bar serves four basic policies: (1) a policy "against removing inventions from the public which the public has justifiably come to believe are freely available to all"; (2) "prompt and widespread disclosure of new inventions to the public"; (3) "prevent[ing] the inventor from commercially exploiting the exclusivity of his invention substantially beyond the statutorily authorized * * * period"; and (4) "giv[ing] the inventor a reasonable amount of time following sales activity * * * to determine whether a patent is a worthwhile investment." *General Electric Co.* v. *United States*, 654 F.2d 55, 61 (Ct. Cl. 1981). Even where, as here, the item was placed on sale without the inventor's knowledge or consent, the first two policies are fully implicated.

Petitioner argues (Pet. 21-23) that applying Section 102(b) as written insufficiently protects inventors against the theft of their inventions. An inventor, however, has remedies directly against a wrongdoer. See *Lorenz*, 167 F.2d at 426. In this case, for example, petitioner has brought a trade secret action against its former employee. Pet. App. G8, G11, G27-G28. Further, an inventor "is master of the situation and by prompt action can protect himself fully and render the defense of prior public use impossible." *Lorenz*, 167 F.2d at 430. In this case, for example, a manufacturer's representative for petitioner was aware that the invention had been shipped as early as March 1987. Pet. App. G29-G30. Petitioner could have protected its invention by filing a patent application shortly thereafter, but waited until

January 29, 1988, to do so. *Id.* at A3. Moreover, petitioner's proposed solution—to protect inventors against theft of their ideas by creating an implied exception to the plain language of Section 102(b)—is contrary to the evident congressional purpose of avoiding "uncertain question[s]" (*Andrews*, 123 U.S. at 274) in the application of the "on sale" bar to inventions that have been on sale more than one year.

2. Contrary to petitioner's argument (Pet. 8), this Court's precedents do not support a judicially-crafted "exception" to the "on sale" bar. To be sure, several of this Court's decisions include statements suggesting that in some circumstances patentability might not be defeated if an invention was procured by persons other than the inventor through piracy or fraud. See *Andrews* v. *Hovey*, *supra*; *Kendall* v. *Winsor*, 62 U.S. (21 How.) 322, 329-330 (1859); *Shaw* v. *Cooper*, *supra*; *Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) 1, 19, 20, 22 (1829). But those cases involved provisions different from the "on sale" provision now codified at 35 U.S.C. 102(b).

For example, the Court in *Shaw* and *Pennock* was construing the pre-1836 patent statute, which merely provided in relevant part that an item could be patented only if there was no prior "knowledge or use" of the invention. See *Shaw*, 32 U.S. (7 Pet.) at 319; *Pennock*, 27 U.S. (2 Pet.) at 22.[3] And *Kendall* did not involve the

---

[3] In those cases, the Court had no occasion to determine whether the requisite "knowledge or use" was present if the invention came into public use through theft or piracy. In *Shaw*, the Court determined that the inventor had acquiesced in the public use of his invention for several years. 32 U.S. (7 Pet.) at 321. And in *Pennock*, the inventor had permitted his invention to be known and used for seven years before obtaining a patent. 27 U.S. (2 Pet.) at 11. This Court's discussion in those cases of the patent implications of piracy of an invention was therefore dictum.

second clause of Section 7 of the 1839 Act, which modified the "on sale" bar in the respect relevant here. Rather, it involved the first clause of that Section, which provided that anyone who "purchased or constructed any newly invented * * * composition of matter, prior to the [patent] application * * *, shall be held to possess the right to use, and vend to others to be used, the specific * * * composition of matter * * * without liability therefor" (§ 7, 5 Stat. 354). 62 U.S. (21 How.) at 323. Unlike the "on sale" bar, which is designed to limit the rights of the inventor as against the rights of the public at large, the statutory provision in *Kendall* conferred rights only on one particular class of persons deemed to deserve special treatment and, significantly, did not develop through a series of enactments that made clear Congress's intent to eliminate any requirement of an inventor's knowledge of or consent to the use of the invention.

Accordingly, this Court's decision in *Andrews* leaves no doubt that the 1839 and 1870 legislation eliminated any such requirement of knowledge or consent as a condition of applying the "on sale" bar. The case arose under the second part of Section 7 of the 1839 Act, which had modified the "public use" and "on sale" bars by providing that "no patent shall be held to be invalid by reason of * * * purchase, sale, or use prior to the application of a patent as aforesaid, except on proof of abandonment of such invention to the public; or that such purchase, sale, or prior use has been for more than two years prior to such application for a patent." 5 Stat. 354. In holding the appellee's patent invalid—even though it had come into public use without the owner's "knowledge, consent, or allowance" (123 U.S. at 268)—the Court in *Andrews* explained:

> The evident purpose of [the second clause of Section 7] was to fix a period of limitation which would be certain, and require only a calculation of time, and should not depend upon the uncertain question of whether the applicant had consented to or allowed the sale or use. Its object was to require the inventor to see to it that he filed his application within two years from the completion of his invention, so as to cut off all question of the defeat of his patent by a use or sale of it by others more than two years prior to his application, and thus leave open only the question of priority of invention. The evident intention of Congress was to take away the right (which existed under the act of 1836) to obtain a patent after an invention had for a long period of time been in public use without the consent or allowance of the inventor; it limited that period to two years, whether the inventor had or had not consented to or allowed the public use. The right of an inventor to obtain a patent was in this respect narrowed, and the rights of the public as against him were enlarged, by the act of 1839. The language of § 24 of the act of 1870 * * * is to the same effect, and carries out the policy inaugurated by the act of 1839.

123 U.S. at 274; see also *Andrews*, 124 U.S. at 719 (denying rehearing) ("The second clause of the 7th section [of the 1839 Act] seems to us to clearly intend, that, where the purchase, sale, or prior use referred to in it has been for more than two years prior to the application, the patent shall be held invalid, without regard to the consent or allowance of the inventor.").[4]

---

[4] Although the Court in *Andrews* acknowledged that *Kendall* v. *Winsor*, *supra*, had held that inventors were entitled to protection against piracy of their inventions, the Court emphasized that "[t]he

The lower courts have therefore properly understood *Andrews* to mean that the availability of an invention for sale beyond the statutorily prescribed period bars patentability, irrespective of the inventor's knowledge or consent. See, *e.g.*, *Lorenz*, 167 F.2d at 426-429; *J.A. LaPorte, Inc.* v. *Norfolk Dredging Co.*, 787 F.2d 1577, 1581-1583 (Fed. Cir.), cert. denied, 479 U.S. 884 (1986). Petitioner has not cited, nor are we aware of, any decision of a court of appeals holding to the contrary.[5] Further review is not warranted.[6]

---

first clause of the 7th section [of the 1839 Act] was the only one involved" in the earlier case. *Andrews*, 124 U.S. at 707 (emphasis added). The Court in *Andrews* also reserved in dictum the possibility that a "fraudulent, surreptitious, and piratical" use of an item might leave its patentability undisturbed under the second clause of Section 7. 124 U.S. at 708. The Court concluded, however, that use of the invention in public by someone other than the inventor for the then-applicable two-year period could not be regarded as a "fraudulent, piratical, or surreptitious" use. *Ibid.*

[5] Petitioner argues (Pet. 8) that the requested "piratical use" exception is supported by the exception for experimental use. The experimental-use exception, however, is not regarded as an exception to 35 U.S.C. 102(b), but rather a means of determining whether there has been a "public use." See *TP Laboratories, Inc.* v. *Professional Positioners, Inc.*, 724 F.2d 965, 971 (Fed. Cir.), cert. denied, 469 U.S. 826 (1984).

[6] Petitioner argues (Pet. 25-30) for the first time in this Court that the exclusion of evidence concerning third-party piracy of his invention violates his right to due process of law. This Court generally does not consider issues raised for the first time in this Court. See, *e.g.*, *United States* v. *Lovasco*, 431 U.S. 783, 788 n.7 (1977). In any case, petitioner's claim is without merit. The Board of Patent Appeals and Interferences does not exclude relevant evidence of piracy of inventions; rather, Section 102(b) makes that evidence irrelevant because the "on sale" bar does not depend on the inventor's knowledge of or consent to the sale of his product. Thus, petitioner's contention reduces to the substantive due

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted.

DREW S. DAYS, III
Solicitor General

FRANK W. HUNGER
Assistant Attorney General

ANTHONY J. STEINMEYER
EDWARD T. SWAINE
Attorneys

MAY 1994

---

process claim that there is no rational basis for applying the "on sale" bar in cases where an invention has been placed on sale through the piracy of a third party. Because there is a conceivable rational basis for applying the bar even in those circumstances (see p. 6, *supra*), petitioner's due process claim must fail. See *Sullivan* v. *Stroop*, 496 U.S. 478, 485 (1990).